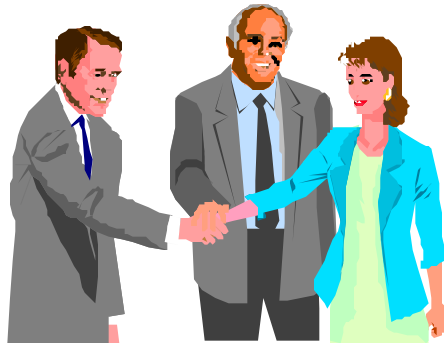


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Consultant HQ



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This sample *NxLevel™* Start-up Business Plan was originally written by a class participant, and subsequently modified to protect proprietary information. As it is primarily a student's work, it is not represented to be a "perfect" business plan, although the presentation is in keeping with the *NxLevel™* format and content. It can be used as a sample of what a business plan might contain, and as a model for constructing the various sections.

Your instructor may ask that you review certain sections and suggest improvements, modifications or additions. The purpose of each individual business plan may be different, with varied intended readers. You may also be asked to discuss what information might need to be included or deleted based on the purpose of the plan.

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EXECUTIVE SUMMARY

CONSULTANT HQ is a full-service consulting firm that specializes in facilitating relationships between businesses and professional consultants. CONSULTANT HQ's target market consists of two customers: consultants, and small to medium businesses. In serving as a "business agent," it's intent is to benefit both parties through its networking services. In summary, CONSULTANT HQ's mission is to provide personalized service, exhibit genuine concern for all customers, and demonstrate ethical behavior in furthering its success and the success of its clients.

Consultants—whether young, old, experienced, or inexperienced—face the task of networking to identify potential clients, which results in increased business. Small to medium businesses are now seeking independent consultants to provide quality, professional services instead of following the traditional practice of hiring a full-time employee to provide these services. With the present technology, CONSULTANT HQ is capable of functioning in a central location, yet serving all of Kansas. Because of this ability to operate in a central location, CONSULTANT HQ serves as the "headquarters" for small to medium businesses to contact when seeking accounting, marketing, financial, and other services.

In reviewing the overall business, plan with specific regard to the financial statements, the success of a business like CONSULTANT HQ is impacted by the size of the market, the demand for networking services, and the ability of the owner to convince consultants that the investment in a membership is well worth the money. Although Kansas is known for its entrepreneurial spirit and the large number of small to medium size businesses that, in effect, determine the economic health of Kansas, CONSULTANT HQ is not going to be a high profit generating business.

CONSULTANT HQ faces several challenges. These include: (1) the independent nature of consultants, (2) the probability that repeat customers will be few since once a business finds a consultant who "fits" with the business and its goals, the business likely will not seek another consultant in the same area of expertise, (3) the probability that once a consultant develops a relationship with his/her client, the consultant will no longer use CONSULTANT HQ and the standardized commission fee will be lost, (4) the realization that commission fees are small compared to the number of hours it takes to service a project and if the commission rates were raised, the profit gained by consultants would be considerably less; thus, resulting in fewer memberships, (5) the truth that "networking" is most effective when the consultant directly contacts a potential client, (6) the assumption that growth of CONSULTANT HQ will occur

slowly, if at all, due to the limited number of hours, consultants, and businesses seeking professional services at any one time in Kansas, and (7) the difficulty in recruiting and retaining experienced, professional consultants to be a member of CONSULTANT HQ when they have already developed a network and are only guaranteed at least one project through CONSULTANT HQ.

In order for CONSULTANT HQ to overcome these challenges, further research and time regarding the feasibility and potential success of CONSULTANT HQ on the part of the owner would be necessary. At this point, I am not prepared to undertake this project; as the level of commitment and time necessary to work through these challenges surpasses what I am willing to give.

Beyond my willingness to commit to CONSULTANT HQ, I question the overall long-term success of CONSULTANT HQ. As the financial statements demonstrate, a net income can be achieved, but it will be a “minimal” net income. The whole purpose of this type of business is to help other businesses succeed and grow; in accomplishing this, CONSULTANT HQ is not able to charge a high membership fee, nor can it raise its commission rates. It all revolves back to the idea—although well-intended—that a networking service shows a clear benefit and is worth the investment. For consultants, networking is often most effective when potential clients are directly contacted. For small to medium size businesses, choosing a consultant is most successful through the testimonies of other business owners who have used a specific consultant. At present, there does not seem to be a market that is demanding a service business such as CONSULTANT HQ. As the market continues to mature, businesses are downsized, and more consultants enter into their own business, then, perhaps, there will be a market for CONSULTANT HQ in which it can generate a profit, grow, and succeed. Even then, the income to be achieved will be minimal.

Completing this business plan—even after it was concluded that CONSULTANT HQ would not be a viable business at this time—was necessary in order to realize the full opportunities and challenges this type of business faces at present and in the future. Although I have chosen not to pursue CONSULTANT HQ at this point, this business plan (and its process) serves as a guide if and/or when I consider starting a business like CONSULTANT HQ in the future.

MISSION, GOALS AND OBJECTIVES

General Description of the Business

CONSULTANT HQ is a full-service consulting firm that specializes in facilitating relationships between business owners and professional consultants. CONSULTANT HQ has two distinct customer groups: professional consultants and the small to medium-sized businesses in Kansas. Kansas has the largest percentage of small businesses in the United States, and because of their size, business owners often contract out for professional services such as accounting and marketing to forego the expense of hiring a full-time employee. CONSULTANT HQ provides these businesses a central source for information. CONSULTANT HQ maintains a membership file for professional consultants in the surrounding area listing the services and expertise offered, as well as other pertinent information about the consultant, thus allowing the business to contact the appropriate consultant with ease. From the consultant's perspective, the need to network and communicate his or her area of expertise and services is clearly evident. Networking takes considerable time, and by serving as an "agent," CONSULTANT HQ will provide an outlet for all Kansas consultants to advertise their services directly to those businesses seeking advice.

CONSULTANT HQ is in the developmental stages, but once stable, its potential for expansion is considerable. The networking service may be offered to consultants outside Kansas and expanded into surrounding regions and other areas that demonstrate the entrepreneurial spirit of Kansas. Once the system of contact, follow-up, and service is standardized, CONSULTANT HQ could be expanded into all regions with operation left to an executive director.

Mission Statement

CONSULTANT HQ is a full-service consulting firm that specializes in facilitating relationships between small businesses seeking professional, quality services and professional consultants seeking new clients. We aim to provide personalized service, exhibit genuine concern for all customers, and demonstrate ethical behavior in furthering our success and the success of our clients.

Goals and Objectives

As a business in the developmental stage, CONSULTANT HQ has several goals relating to growth, quality, and survival. These goals and objectives are:

Goal #1: To recruit a network of 150 consultants within three years.

- ◇ To identify at least 75 consultants within the next year.
- ◇ To create a database of each consultant showing address, phone, areas of expertise, and services starting immediately.
- ◇ To attend meetings by civic, social and profession-related organizations starting immediately.

Goal #2: To offer a selection of consultants with expertise in each main business area (accounting, management, marketing computer systems, finance, etc.) within three years.

- ◇ To survey small businesses in Kansas and identify the most needed professional services and the fees deemed reasonable for these services within one year.
- ◇ To visit small business advocates such as Small Business Development Centers, Enterprise Center, Business Assistance Centers, etc. to help reveal what services are in the greatest demand.
- ◇ To actively seek consultants with those areas of expertise through research and networking starting immediately.

Goal #3: To create an awareness and recognition among customers as the top networking firm within five years.

- ◇ To be the "first to market" a networking agency, thus facilitating over 100 consulting relationships within the first year.
- ◇ To implement an effective, low-cost promotional plan within the next six months. (See Marketing Plan)

Goal #4: To achieve desired owner compensation within two years.

- ◇ To obtain a profit within eighteen months.
- ◇ To set a price for services that is compatible with what the consulting industry currently charges and with what the majority of consultants are willing to pay by conducting research (surveys, questionnaires, etc.) starting immediately.
- ◇ To keep overhead low by setting up the office at home and managing the business myself until profits exceed the desired owner compensation.

Goal #5: To expand CONSULTANT HQ into surrounding regions (Western Nebraska, Southern Montana, Eastern Idaho, Southwestern South Dakota, Northern Utah, and Northwestern and Central Colorado) within five years.

- ◇ To conduct a feasibility study in each region eighteen months in advance before entering.
- ◇ To stabilize CONSULTANT HQ in the Kansas and Northern Colorado region before expansion to ensure continuous cash flow.

BACKGROUND INFORMATION

Background Industry Information

CONSULTANT HQ is breaking ground in an industry that has shown high percentages of growth and success within the last twenty years. The consulting business has developed due to corporate downsizing, technological developments and the outsourcing of business functions. Corporate professionals have taken their expertise and left the corporate structure to start their own consulting businesses. The demand for professional consulting services has stemmed from the need of small and medium businesses to outsource and hire independent contractors (rather than hire full-time employees) to save money. By outsourcing, these businesses avoid the cost of employee benefits and taxes—quite attractive to a smaller business that may not need these professional services on a full-time basis. Consulting businesses can be large teams of professionals or a one-person office. Size is irrelevant to quality service. This encourages start-ups which furthers the growth of the consulting industry.

Current and Future Trends

As the consulting industry continues to grow, there may be a time when the market becomes saturated. Kansas is an excellent place to do consulting due to the number of small to medium sized firms. However, as with any industry, if the supply of services surpasses the demand, the industry will show signs of change. Consultants may lower their fees or seek work outside the immediate area while forcing the less successful consultants to go out of business. This “cycle” helps to restore the balance of supply and demand in the consulting industry.

Currently, profit margins are relatively high in the consulting industry. Operational and start-up expenses are minimal; therefore, depending on the fee, a consultant can reach high profit margins. This margin is obtained assuming the cost of education has been paid. Because consulting proves to be a lucrative business, this fact serves as an incentive for start-ups—thus, encouraging growth to continue.

Consulting may become more specialized. Management consultants will be expected “to assist with sexual harassment training, implementation of the Americans with Disabilities Act, and cultural transformations that might include total quality management (TQM) training.”¹

Specialization in all areas of expertise will be expected: marketing consultants will specialize in brochure and graphic design, sales, or other areas and accountant will be required to know tax

¹ Tompkins, Neveill C. “Specialization fuels growth of consulting.” HR Magazine July 1995, v40, n7, p110 (4)

accounting, cost accounting, and the latest computer software aids. It will be the consultant's responsibility to focus on the area needing more emphasis.

Background of CONSULTANT HQ and its "fit"

The idea of a network agency named CONSUTLANT HQ originated from the difficulty a young, small, or start-up consultant has in identifying clients and finding business. Networking is the key to finding business, and although CONSULTANT HQ is not designed to replace this function for a consultant, it will serve to facilitate relationships between new clients and the consultant. Likewise, small and medium businesses often need professional services, but are not willing to hire full-time employees to meet the need. Word of mouth and referrals are usually the source businesses use to find a consultant. CONSULTANT HQ provides these personalized services, but the difference lies in the selection of the consultant. CONSUTLANT HQ offers a choice of consultants in the desired area of expertise with a choice of price ranges, personalities, and locations. In summary, CONSULTANT HQ offers the small business a central source of information and a selection of choices to meet its needs.

CONSULTANT HQ is a start-up business. It fits well within the industry due to the increased number of consultants in the market and the number of small and medium sized businesses who choose to locate or expand into Kansas. It fulfills the need of businesses seeking professional services and of consultants seeking new clients.

ORGANIZATIONAL MATTERS

Business Structure, Management, and Personnel

Business Structure

CONSULTANT HQ is a sole proprietorship. It requires only the expenses associated with doing business, such as office equipment, phone lines, and marketing materials. The risks associated with this business are small, and when recruiting consultants to become members of CONSULTANT HQ's network, each consultant will be required to carry his or her own professional liability insurance policy.

CONSULTANT HQ is a networking agency; it does not provide the actual consulting services, and the small business is the party responsible for choosing the consultant it will work with. As a younger person, I have fewer assets and therefore, the extent of my financial and personal loss is minimal. I am the owner and manager and assume the earnings or losses in my owner personal income taxes.

Management, Personnel, and Outside Services

As sole owner and manager of CONSULTANT HQ, I represent the "management team." I have an education and professional background in marketing, and I have assisted in several consulting projects. I possess a strong work ethic, excellent organizational skills, and good written and oral communication abilities. The success of Kansas small businesses is vital to the State's economy, and in creating CONSULTANT HQ, I aim to provide a resource to those businesses seeking to improve and grow. (Please see resume in Appendix A)

As CONSULTANT HQ grows, I will be hiring a part-time administrative assistant. Due to the nature of this business, typing, filing and communication skills will be required of this person. He or she will be expected to work ten hours a week in the beginning from 9:00 a.m. to 11:00 a.m. I will use one of the personnel services in Tekkton to locate a qualified person for this position, and then, I will further train them myself on the business concept of CONSULTANT HQ and the importance of customer service.

Because CONSULTANT HQ has minimal expense built into its structure, no production or manufacturing of products, and no actual selling of products, the demand for outside services is small. I will complete courses in accounting and taxes to refresh my memory for running the everyday operation so the business. However, I will hire the services of an accountant to file my tax return and consult with on a quarterly basis, or as needed. Depending on the extent to which I must remind clients to pay their membership fees, I might consider using an outside

collection agency. I do not want to hassle my clients for their fees when my priority is finding them business and furthering their success. I realize, though, that I must collect their fees to obtain a profit, and a collection agency may be the best way to do it. I will budget for the services of a lawyer, but this expense will be limited to approximately two hours of consultation. Because of the nature of CONSULTANT HQ, it is important to be aware of possible legal issues arising because of contract terms and/or the extent of CONSULTANT HQ's liability to the consultant and the business.

An advisory board made up of consultants and business owners will be organized as I identify individuals who have expertise and interest in the consulting profession and who have an entrepreneurial spirit. This group of individuals will have no direct impact on my business, nor will they have shares of the business. Rather, I will seek advice from them to help me identify areas of CONSULTANT HQ where I can improve or offer better service. This advisory board will be more like a "focus group." As CONSULTANT HQ grows, a small stipend might be issued to those individuals serving on my advisory board.

Risk Management

As I stated earlier, consultants on file will have their own professional liability insurance. I will have a general liability insurance policy and medical insurance for myself, but other than these items, I do not foresee other insurance policies. As the business grows, I will investigate the policies and organizational structures available to me to ensure that my assets and CONSULTANT HQ will survive past my ownership.

THE MARKETING PLAN

The Products/Services

Product/Services Description

CONSULTANT HQ offers one primary service to each of its two customer groups. To the consultant, CONSULTANT HQ offers a networking service. Consultants currently are responsible for finding business through developing their own networking skills or through the testimonies of existing clients or fellow professionals. CONSULTANT HQ offers the consultant market the opportunity to offer their services to interested customers without the time commitment required to actively seek new clients, *but* with the personalized customer service necessary to recruit a new client.

CONSULTANT HQ offers the small to medium sized businesses in this region a professional service. Businesses seeking outside expertise have a central source to contact in finding the "right" consultant for the job. Temp agencies or small business development advocates may be able to refer several consultants to a business, but CONSULTANT HQ has profiles of consultants with varying areas of expertise and personalities in which the business can research to find the right "fit." CONSULTANT HQ is a neutral party and serves only to match consultants with businesses.

Features/Benefits

The networking service offered to surrounding consultants has several features. For a reasonable annual fee, the consultant signs a contract (See Appendix) with CONSULTANT HQ that entitles him or her to the following: 1) a continuously updated consultant file made available to interested clients showing areas of expertise, education, background, and a personality profile of interests and values, 2) a money-back guarantee if CONSULTANT HQ does not find at least one lead for the consultant within one year, 3) an option to terminate the contract up to the ninth month for any reason and receive a percentage of the original fee back based on the number of months remaining in the contract year, 4) a personal, non-biased representation of the consultant to the client with a contract clause stating that information on file has been approved by the consultant and shall be withheld from competition at all times and to the client until at which time the client wishes to proceed with hiring the consultant, and, *in the future*, 5) an option to be listed as co-insured under CONSULTANT HQ's professional liability insurance policy. CONSULTANT HQ charges an annual fee of \$240 (\$20/month) to keep consultant files on record and a 10% commission on projects over \$500. Projects in the price range of \$250-

\$499 are based on a 5% commission, and projects less than \$249 are entirely paid to the consultant.

In return for purchasing this service, the consultant receives the benefits of increased business, convenience, time-savings, a targeted approach to the recruitment of new clients, and security in knowing he or she has the option of terminating the contract if CONSULTANT HQ does not live up to the consultant's expectations.

The professional service offered to small and medium sized businesses has several features as well. CONSULTANT HQ offers 1) specialization in services, 2) personalized customer service, 3) wide selection of consultants, 4) facilitation and negotiation of contracts, 5) profiles of qualified consultants, 6) a non-biased representation of the consultant, and 7) no direct fee accrued from using this selection process.

The business receives the benefits of time-savings, convenience, security in knowing the consultant is well-qualified and insured, and a fair and reasonable fee defined when hiring the consultant.

Life Cycles/Seasonality

The networking service and the professional service are in the mature stage of the services life cycle. However, there is no indication that these services, regardless of who performs them, will ever be unessential in the business climate.

However, as with most businesses, CONSULTANT HQ will experience the effects of seasonality. The months of November, December, and January may be slow due to the holidays and the realizations that accompany the exit of a year and the entrance of a new year. Retail businesses are often busy during these months with customers, end of year inventory, and reviewing financial situations. Non-retail businesses have slow periods during this time, also, due to similar reasons. Consultants of any kind are generally not hired as much during this time, so CONSULTANT HQ will need to adjust its promotional tactics and budget to address this slow period. Perhaps, CONSULTANT HQ could use this time to do its annual budget, review its business plan, and plan for the upcoming year. It could offer smaller services to its consultants like workshops, resume services, or file updating; it might offer small businesses services such as research, market analysis, customer and competitor profiles, industry trends, and "on premise" professional consulting for nominal fees.

During other time periods of the year, businesses may need specific skills which will result in an emphasis on certain areas of expertise and types of consulting. CONSULTANT HQ will need to

be prepared for these instances and have a number of consultants available to fill the businesses' needs. For example, during the months of February through April, businesses may need advice regarding taxes or accounting and bookkeeping methods, and consultants with expertise in accounting will be in demand. CONSULTANT HQ will need to heavily recruit accountants during the months of December and January to have consultants on file when customers come calling.

Product/Services Growth Description

Several services were mentioned above as potentially new services to be added in addressing the seasonality of professional services. All new services "fit" the mission of CONSULTANT HQ in that they add to benefits received by its two customer groups and further each group's general welfare. As CONSULTANT HQ standardizes the primary services, other services may be offered as they are identified. When the business consulting services such as accounting, marketing, financial, and management are profitable for both CONSULTANT HQ and its consultants, other consulting services such as law (contract, employee relationships, etc), architectural, or manufacturing consulting services may be recruited depending on each service's demand. Perhaps, if profits are stable, CONSULTANT HQ could offer businesses a free one-hour consultation by consultants at the expense of CONSULTANT HQ to help further the consultant/client relationship.

The Market Analysis

Customer Analysis

CONSULTANT HQ has two customer groups: the consultants and those businesses seeking professional services. While it is difficult to define the demographics, psychographics, and lifestyle descriptions of each group, CONSULTANT HQ has determined a few generalities of both groups. As CONSULTANT HQ recruits consultants and advertises to businesses, it will survey and question every potential customer (consultants and clients) to better define those demographics, psychographics, lifestyle patterns, and areas of service needing improvement.

First, CONSULTANT HQ is targeting all Kansas consultants with education or experience equivalent to a college degree plus one year of experience consulting. Most likely, those consultants who become members of the CONSULTANT HQ Network will be:

- ◇ relatively young, having a small clientele, or being a start-ups business
- ◇ possibly part-time consultants with full-time corporate or otherwise employed positions
- ◇ non-aggressive and/or shy individuals
- ◇ heavily involved in other organizations and/or family

CONSULTANT HQ will be able to attract those established, reputable consultants once it has proven its worthiness and commitment to quality and its customers.

Second, CONSULTANT HQ will promote to Kansas businesses. Again, demographics, psychographics, and lifestyle descriptors are difficult to define; however, those businesses using CONSULTANT HQ's services might be described as:

- ◇ small to medium sized
- ◇ efficiently operated (control costs)
- ◇ recently downsized
- ◇ local mom and pop businesses
- ◇ established businesses (in business more than 1 year)
- ◇ values convenience and building relationships with its suppliers

Businesses seeking professional services may use CONSULTANT HQ that lie outside these descriptors, as well; in summary, CONSULTANT HQ will attract any business needing consulting services if CONSULTANT HQ's marketing plan is effective in reaching the business market. Once these businesses contact CONSULTANT HQ, this customer group's profile will be better defined, and its advertising venues will be narrowed even more to attract those business types.

Competitive Analysis

CONSULTANT HQ has identified two direct competitors and two indirect competitors. Each competitor is profiled below.

Consultants

Unfortunately, CONSULTANT HQ faces competition from its target customer group: consultants. Consultants have the option to forego the services offered by CONSULTANT HQ and market themselves to potential clients. Consultants are located across Kansas, and because of this, they often are limited to serving those businesses in their surrounding area or otherwise incur the expense of traveling to the client for the initial visit. Independent consultants offer personalized service and begin building a relationship from the first phone call. They have the option of setting their fees according to the project and their desired compensation, and they have the expertise in the area either the client identified or the consultant proposed. In comparison to CONSULTANT HQ, consultants offer the same basic service to businesses: professional consulting services. However, CONSULTING HQ offers the businesses a selection of consultants in which to choose and the personalized service of facilitating and negotiating a contract with the consultant that will be fair to both parties.

CONSULTANT HQ also advertises its services and its consultants (which decreases the expense to both the independent consultant and client), guarantees quality, superior consulting services to its businesses, and provides a central source for businesses to contact seeking professional services.

Small Business Development Centers

Small Business Development Centers (SBDC's) are located across the state of Kansas and offer free advice/consulting services to start-up businesses. Clearly, the SBDC has a competitive advantage in the area of price because the service is free of charge, and the SBDC may refer a selection of consultants to businesses seeking additional consulting services. However, CONSULTANT HQ offers a selection of consultants, on-going, personalized customer service, and specialization of consulting services.

Internet

Indirectly, the Internet is considered to be a competitor. Consultants might have their own web page and an association called "Consultant's Network" maintains a web site listing services and consultants across the country. Because of the immense information that can be obtained on the Internet and its growing popularity, businesses may use this method to find a consultant. However, if the key words are not entered, the business might miss the "right" consultant or the

consultants that appear may be located 2000 miles away from Kansas! Once again, CONSULTANT HQ offers the personalized service and selection of consultants in the surrounding area. Also, CONSULTANT HQ could easily design a web page of its own advertising its services to those businesses who often use the Internet to locate consultants.

Temp/Personnel Agencies

Although, the threat of temp agencies directly competing with CONSULTANT HQ is minimal at present, the competition could heat up if the agencies were to add a consulting service to their list of other services. In adding a consulting service, these agencies would be able to provide the central source of information, a great selection of consultants, and personalized service. CONSULTANT HQ offers the specialization in its own services through its emphasis on only recruiting consultants—not secretaries, manual laborers, or other professions. CONSULTANT HQ will monitor the progress and changes made in temp/personnel agencies so that it can strengthen its competitive advantage and discourage those competitors from entering the consulting industry.

Market Potential

Current Trade Area

CONSULTANT HQ operates in Tekkton, Kansas and recruits consultants and services businesses within the state of Kansas and, eventually, the surrounding region. Serving as a consultant “headquarters,” CONSULTANT HQ must be centrally located to its customers. Kansas is not overly populated, nor is it too large to travel in one to two days. The surrounding region is also within a day’s travel and with the extreme boost in the Rocky Mountain region’s economy, it poses the opportunity for CONSULTANT HQ to serve a growing market and expand its services into Colorado.

Market Size and Trends

According to the 1998 Kansas Business Directory², Kansas has a total of 28,000 businesses. Of these businesses, 62.9% have 1-4 employees and 18% have 5-9 employees. In sum, Kansas has 22,652 businesses that fit the “small to medium” target for CONSULTANT HQ’s services. Because of Kansas’s entrepreneurial spirit and reputation for encouraging smaller businesses, smaller businesses will increase to the point where the market can support it.

In the categories of “public relations counselors, tax consultants, financing consultants, business management consultants, marketing consultants, marketing research and analysis, advertising agencies and counselors, and accounting and bookkeeping general services,” a total of 200

consultants were registered with the Kansas Business Directory who fit the profile of having 1-4 employees. Based on the assumption that CONSULTANT HQ would generate twenty five consultant leads from the Kansas Small Business Development Center directors and staff, twenty business graduates from the University of Kansas per year, and forty leads from simply networking and attending professional organization's meeting, CONSULTANT HQ has a potential consultant market of 285 Kansas consultants.

As CONSULTANT HQ establishes its reputation and recruits consultants that have been identified, then, possibly it can generate leads to other consultants and start its own directory. Consulting professionals will continue to increase due the industry trends discussed earlier. Consulting is relatively easy to enter and more and more people are leaving the corporate setting to set up their own consulting business.

Market Potential

As stated previously, it is CONSULTANT HQ's objective to recruit seventy five consultants in the first year. By multiplying this number by \$240/consultant, the annual sales volume is \$18,000.

There are 22,652 businesses registered in the Kansas Business Directory that employ less than nine employees in the State of Kansas. In estimating that CONSULTANT HQ can contact and service .05% of these businesses in Year 1, the total number of serviced equals 110 businesses. Based on the following assumptions, CONSULTANT HQ has the potential to earn approximately \$2350 in servicing projects between the consultant and the business.

- ◇ 60% of all projects will be between \$250-\$499 and each project of this amount will net a 5% commission (on average, $\$375(.05) = 18.75$; $18.75(66) = \$1237.50$)
- ◇ 20% of all projects will be over \$500 and each project of this amount will yield a 10% commission ($\$500(.10) = \50 ; $50(22) = 1100$)
- ◇ 20% of all projects will be less than \$249, thus, no commission will be made on projects of this amount

In sum, CONSULTANT HQ has the potential to gross \$20,500 in its first year³. This estimate is extremely conservative for Year 1. In each consecutive year, this number is expected to increase due to an increased number of consultants joining CONSULTANT HQ, added consulting services, and targeting a greater customer base of both new and existing business clients.

² Information in the Kansas Business Directory based on Yellow Pages listings.

³ Please see Sales Forecast 1999 in Appendix

Marketing Strategies

Location/Distribution

Initially, CONSULTANT HQ will be operated out of the owner's home in North Tekkton. The services offered by CONSULTANT HQ do not require a separate building and a small office in the home designated for CONSULTANT HQ services *only* will be adequate for the initial start-up. As CONSULTANT HQ recruits a number of consultants and attracts businesses to use its consulting businesses (scheduled for the first six months of operation), it will move out of its home office and into a Downtown Tekkton office. Downtown is an excellent location for CONSULTANT HQ due to the high business concentration and small business setting. Additionally, CONSULTANT HQ should be able to rent an office of 300 to 500 square feet at a reasonable rate, thus keeping expenses low.

Price/Quality Relationship

CONSULTANT HQ might encounter inconsistencies with the desired price/quality relationship in locating its initial stages of development in the owner's home and in recruiting young or un-established consultants into the network. CONSULTANT HQ promotes an image that portrays a low price, high quality service. While this is the most desired price/quality relationship for consumers, it is difficult for a business to develop because high quality is often associated with a higher price.

By recruiting educated and/or experienced consultants, CONSULTANT HQ will prove its quality. It will deliver a lower consulting fee because consultants will not need to figure the expenses of time spent, networking, or advertising into the project agreement. These qualities enable CONSULTANT HQ to obtain its desired image of being the central source that "helps businesses grow and succeed."

Promotional Strategies

Packaging

Because CONSULTANT HQ is attempting to project an image of high quality without the accompaniment of a high price, CONSULTANT HQ's packaging will be simple and straightforward with a distinguishing logo that emphasizes the value of quality. (See Appendix) This packaging will be consistent throughout all marketing materials, including business cards and stationary. The owner/manager will act, speak, and dress in a professional manner, and any employees hired in the future will be expected to do the same.

Public Relations

Public relations and networking is crucial to the success of CONSULTANT HQ because in essence, these are the services CONSULTANT HQ offers to its customers. Because two customer groups have been identified (consultants and small to medium sized businesses), CONSULTANT HQ will plan its public relations and networking activities accordingly.

CONSULTANT HQ will schedule the following public relations activities:

- ◇ Speak to the Small Business Consulting Class at the University of Kansas in both the Fall and Spring semesters
- ◇ Join the Tekkton Rotary Club
- ◇ Become member of the Chamber of Commerce; attend Business After Hours; have business card available at all events and in the Chamber
- ◇ Join the Young Professional Club
- ◇ Enroll in Leadership Tekkton
- ◇ Become a member of National Association of Business Consultants (NABC)
- ◇ Join American Consultants League (ACL) for a list of members, monthly periodicals, newsletters, etc. for current industry trends, consulting services ideas, and promotional ideas.
- ◇ Establish relationships with SBDC's across the state of Kansas; Encourage directors to refer businesses needing additional consulting services to CONSULTANT HQ and to refer independent consultants to join the network
- ◇ Design a quarterly newsletter highlighting CONSULTANT HQ's networking agency, progress, etc. and distribute to all clients, media contacts, and Chamber members
- ◇ Issue a press release when CONSULTANT HQ moves to Downtown
- ◇ Write an article for the Kansas Tribune Eagle and the Casper Star Tribune featuring CONSULTANT HQ's start-up and services
- ◇ Request a short article in the Downtown Development Authority's (DDA) quarterly newsletter (distributed to over 500 Downtown businesses—retail and office)
- ◇ Request a short article in Chamber newsletter
- ◇ Issue press releases highlighting the success of businesses using the services of CONSULTANT HQ (with written consent)
- ◇ Request written testimonials from best customers and publish in brochures, press releases, etc.

Good public relation techniques are vital to the success of CONSULTANT HQ. However, some advertising must also be accounted for in the budget.

Advertising

CONSULTANT HQ will avoid the expense of advertising as much as possible. However, the following advertising venues are worth pursuing because each media source targets both businesses and consultants.

- ◇ Advertise in weekly Chamber Fax

- ◇ Enter a booth in the Small Business Showcase
- ◇ Purchase an ad in the DDA newsletter
- ◇ Advertise services in front range publications like the "Business Report" and "Today's Business"
- ◇ Yellow Pages listing
- ◇ Brochures
- ◇ Distribute brochures at NxLevel Class, Small Business Development Centers, and Business Assistance Centers
- ◇ Distribute brochures at UW's College of Business
- ◇ Internet home page

Please see a detailed advertising budget incorporating these items in the Appendix.

THE FINANCIAL PLAN

Record Keeping Functions

Because CONSULTANT HQ is a business solely owned and operated by myself, the record keeping functions are entirely my responsibility. I will keep records of accounts receivable, cash receipts, payroll expenses, and other operational expenses. Cash receipts will be deposited weekly, and accounts receivable will be recorded and maintained monthly. Payroll taxes will be paid quarterly. Expenses incurred on a daily basis will be paid promptly with an emphasis on paying each account fully by the end of the month.

Other Operations Controls

Excellent organization and record keeping is crucial to the every day operation of CONSULTANT HQ. The office will be kept clean and files will be maintained on a bi-weekly basis. Although CONSULTANT HQ is a business staffed by one person, operational and recording keeping controls will be existent. Outside service professionals such as an accountant and a collection agency will keep copies of my records and clients; therefore, CONSULTANT HQ will have a "checks and balances" in place to some degree.

Financial Worksheets and Statements

Break Even Analysis

The Break Even Analysis is based on a "services pricing" worksheet. CONSULTANT HQ has two revenue generating sources: memberships and commission-based projects. The break-even analysis shows how the membership fee was developed. To account for project costs associated with the time spent with each consultant and business, 20% of the total costs were subtracted. The final result was \$19.78 per month for each member. CONSULTANT HQ charges \$240 per year for each membership. Memberships are \$20 per month.

Break-Even Analysis

Billable Hours	Total Annual Hours
Potential Hours Available	1040
Less Holidays	16
Less Vacation	12
Less Sick-Time	12
Less Non-billable Hours	40
Total Billable Hours	960
Operating Costs	Annual (\$)
<i>Labor Costs</i>	
Owner's Salary	6000
Other Hired Labor	3600
Payroll-related taxes	300
Fringe Benefits	1200
Total Annual Labor Costs	11100
<i>Non-Labor Operating Costs</i>	
Outside Services	1000
Insurance	250
Advertising/Promotion	3500
Occupancy Expenses	6000
<i>Miscellaneous</i>	
Office Supplies	150
Memberships	500
Travel	100
Other	0
Interest Expense	0
Principal Payments	0
Total Annual Non-Labor Costs	11500

Determine Hourly Rate:	
Total Costs *	18080
Total Billable Hours	960
Desired Profit	1.05
Rate Per Membership (A/B)*C	19.775

* Note: 20% of Total Costs were attributed to handling commission-based consultant projects.

CASH FLOW ASSUMPTIONS

1. Beginning cash balance taken from "Start-Up Expenses Worksheet." (See Appendix)
2. Cash receipts and accounts receivable based on the assumption that 25% of all consultants would pay the membership dues that same month, while the other 75% would pay in 30 days. (Terms - net 30-days)
3. Commission-based income⁴ based on the assumption that projects would take, on average, two months to complete with payment being at completion
4. Bad Debts based on the assumption that 3% of all consultants would not pay their membership dues. Money held in a reserve account.
5. Owners salary \$500 per month. In month 6, administrative assistant is hired. Terms of part-time employment are 10 hours per week at \$7/hour. Federal taxes \$25/month.
6. Accountant hired to consult, answer any questions, and maintain and/or correct books every six months at the rate of \$150/hour.
7. Legal advice budgeted for one hour per year at \$100/hour.
8. Collection agency hired every six months to collect bad debts.
9. Business insurance is \$250 in month 12 and owner's health insurance is \$100/month. Business insurance policy covers replacement cost of fixed assets, money and securities on the premises, loss of business income, and business liability (including medical, personal and advertising injury, fire, lightning, or explosion).
10. See Advertising Budget (See Appendix)
11. Occupancy expenses based on the following assumptions:
 - (a) First six months - Home-based Business.
office - 30 square feet in 300 square foot apartment. Rent is \$275. 10% of rent is \$27.50/month. 25% of all utilities and 5% of maintenance and repair will be charged to business.
 - (b) Starting June 1st - Business moves to Downtown office
office - 300 square foot office, utilities included; Rent is \$350 per month with a deposit on first and last month's rent in month 6.
12. Debt terms are as follows: Borrow \$2000 at a 15% interest rate and pay off in ten months.
13. Interest payments are \$30/month.
14. Principal payments are \$200/month.
15. Beginning cash balance from end of year 1999 (Cash Flow Projections - 1999)
16. Owner's salary increases to \$1000/month

⁴ Commission-based income taken from sales forecast.

Cash Flow Projection – 1999

Months	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total	
(A) Beginning Cash Balance	1150	1705	1465	1120	1560	2560	3105	3035	2840	2035	1975	1880	1150	#1
Cash Receipts														
Memberships	240	360	360	480	600	480	360	240	480	360	360	240	4560	#2
Commission-based income	0	0	0	90	220	290	320	255	190	130	255	190	1940	#3
Collect Accounts Receivable	0	720	1080	1080	1440	1800	1440	1080	720	1440	1080	1080	12960	#2
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0	0	0	0	
(B) Total Cash Receipts	240	1080	1440	1650	2260	2570	2120	1575	1390	1930	1695	1510	19460	
Cash Disbursements														
Bad Debts	240	0	0	0	0	240	0	0	0	0	0	0	480	#4
Pay Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	
Salaries/Wages & Benefits	500	500	500	500	500	500	825	825	825	825	825	825	7950	#5
Owner Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	
Non-Labor Expenses														
Outside Services: <i>Accounting</i>	0	0	150	0	0	0	0	0	150	0	0	0	300	#6
<i>Legal</i>	0	0	0	0	0	100	0	0	0	0	0	0	100	#7
<i>Collection Agency</i>	0	0	0	0	0	150	0	0	0	0	0	150	300	#8
Insurance	100	100	100	100	100	100	100	100	100	100	100	350	1450	#9
Advertising	600	245	560	135	185	410	135	65	290	285	85	135	3130	#10
Occupancy Expenses: <i>Rent</i>	30	30	30	30	30	30	700	350	350	350	350	350	2630	#11
<i>Phone/Fax</i>	150	150	150	150	150	150	150	150	150	150	150	150	1800	#11
<i>Utilities</i>	15	15	15	15	15	15	0	0	0	0	0	0	90	#11
Miscellaneous Expenses	50	50	50	50	50	50	50	50	50	50	50	50	600	
Office Supplies	0	0	0	0	0	50	0	0	50	0	0	50	150	
Purchase of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	
Debt Payment - Old														
(C) Total Cash Disbursements	1685	1090	1555	980	1030	1795	1960	1540	1965	1760	1560	2060	18980	
														0
Net Cash Flow (B - C)	-1445	-10	-115	670	1230	775	160	35	-575	170	135	-550	480	
Adjustments to Net Cash Flow														
(+) New Debt	2000												2000	#12
(+) New Owner Investment													0	
(-) New Debt - Interest Payments		-30	-30	-30	-30	-30	-30	-30	-30	-30	-30		-300	#13
(-) New Debt - Principal Payments		-200	-200	-200	-200	-200	-200	-200	-200	-200	-200		-2000	#14
(-) New Owner Withdrawals													0	
(D) Adjusted Net Cash Flow	555	-240	-345	440	1000	545	-70	-195	-805	-60	-95	-550	180	
Ending Cash Balance (A + D)	1705	1465	1120	1560	2560	3105	3035	2840	2035	1975	1880	1330	1330	

Cash Flow Projection - 2000

Months	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total	
(A) Beginning Cash Balance	1330	40	30	-240	-400	935	2090	1995	1865	1470	1325	2060	1330	#15
Cash Receipts														
Memberships	540	660	660	780	900	600	480	360	780	660	660	360	7440	#2
Commission-based income	190	130	200	255	255	290	300	210	160	130	255	225	2600	#3
Collect Accounts Receivable	720	1620	1980	1980	2340	2700	1800	1440	1080	2340	1980	1980	21960	#2
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0	0	0	0	
(B) Total Cash Receipts	1450	2410	2840	3015	3495	3590	2580	2010	2020	3130	2895	2565	32000	
Cash Disbursements														
Bad Debts	240	0	0	240	0	0	240	0	0	240	0	0	960	#4
Pay Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	
Salaries/Wages & Benefits	1325	1325	1325	1325	1325	1325	1325	1325	1325	1325	1325	1325	15900	#16
Owner Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0	
Non-Labor Expenses														
Outside Services: <i>Accounting</i>	0	0	150	0	0	0	0	0	0	0	0	150	300	#6
<i>Legal</i>	0	0	0	0	0	100	0	0	0	0	0	0	100	#7
<i>Collection Agency</i>	0	0	150	0	0	150	0	0	150	0	0	150	600	#8
Insurance	100	100	100	100	100	100	100	100	100	100	100	350	1450	#9
Advertising	525	445	835	960	185	160	460	165	240	1060	185	185	5405	#10
Occupancy Expenses: <i>Rent</i>	350	350	350	350	350	350	350	350	350	350	350	350	4200	#11
<i>Phone/Fax</i>	150	150	150	150	150	150	150	150	150	150	150	150	1800	
<i>Utilities</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	
Miscellaneous Expenses	50	50	50	50	50	50	50	50	50	50	50	50	600	
Office Supplies	0	0	0	0	0	50	0	0	50	0	0	50	150	
Purchase of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	
Debt Payment - Old													0	
(C) Total Cash Disbursements	2740	2420	3110	3175	2160	2435	2675	2140	2415	3275	2160	2760	31465	
													0	
Net Cash Flow (B - C)	-1290	-10	-270	-160	1335	1155	-95	-130	-395	-145	735	-195	535	
Adjustments to Net Cash Flow														
(+) New Debt													0	
(+) New Owner Investment													0	
(-) New Debt - Interest Payments													0	
(-) New Debt - Principal Payments													0	
(-) New Owner Withdrawals													0	
(D) Adjusted Net Cash Flow	-1290	-10	-270	-160	1335	1155	-95	-130	-395	-145	735	-195	535	
Ending Cash Balance (A + D)	40	30	-240	-400	935	2090	1995	1865	1470	1325	2060	1865	1865	

Projected Income Statement for 1999

Months	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Sales - Memberships	240	1080	1440	1560	2040	2280	1800	1320	1200	1800	1440	1320	17520
Commission-based Income	0	0	0	90	220	290	320	255	190	130	255	190	1940
COGS	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Margin	240	1080	1440	1650	2260	2570	2120	1575	1390	1930	1695	1510	19460
Operating Expenses													
Salaries/Wages & Benefits	500	500	500	500	500	500	825	825	825	825	825	825	7950
Non-Labor Expenses													
Outside Services	0	0	150	0	0	250	0	0	150	0	0	150	700
Insurance	100	100	100	100	100	100	100	100	100	100	100	350	1450
Advertising	600	245	560	135	185	410	135	65	290	285	85	135	3130
Occupancy Expenses	195	195	195	195	195	195	850	500	500	500	500	500	4520
Miscellaneous Expenses	50	50	50	50	50	100	50	50	100	50	50	100	750
Depreciation	88	88	88	88	88	88	88	88	88	88	88	88	1056
Interest - Old Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest - New Debt	0	30	30	30	30	30	30	30	30	30	30	0	300
Total Operating Expenses	1533	1208	1673	1098	1148	1673	2078	1658	2083	1878	1678	2148	19856
Net Operating Profit	-1293	-128	-233	552	1112	897	42	-83	-693	52	17	-638	-396
Other Gains/Losses													
Net Profit or Loss Before Income Taxes	-1293	-128	-233	552	1112	897	42	-83	-693	52	17	-638	-396
Owner Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0

Projected Income Statement for 2000

Months	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Sales - Memberships	1260	2280	2640	2760	3240	3300	2280	1800	1860	3000	2640	2340	29400
Commission-based Income	190	130	200	255	255	290	300	210	160	130	255	225	2600
COGS	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Margin	1450	2410	2840	3015	3495	3590	2580	2010	2020	3130	2895	2565	32000
Operating Expenses													
Salaries/Wages & Benefits	1325	1325	1325	1325	1325	1325	1325	1325	1325	1325	1325	1325	15900
Non-Labor Expenses													0
Outside Services	0	0	300	0	0	250	0	0	150	0	0	300	1000
Insurance	100	100	100	100	100	100	100	100	100	100	100	350	1450
Advertising	525	445	835	960	185	160	460	165	240	1060	185	185	5405
Occupancy Expenses	500	500	500	500	500	500	500	500	500	500	500	500	6000
Miscellaneous Expenses	50	50	50	50	50	100	50	50	100	50	50	100	750
Depreciation	71	71	71	71	71	71	71	71	71	71	71	71	852
Interest - Old Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest - New Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	2571	2491	3181	3006	2231	2506	2506	2211	2486	3106	2231	2831	31357
Net Operating Profit	-1121	-81	-341	9	1264	1084	74	-201	-466	24	664	-266	643
Other Gains/Losses													
Net Profit or Loss Before Income Taxes	-1121	-81	-341	9	1264	1084	74	-201	-466	24	664	-266	643
Owner Withdrawals	0	0	0	0	0	0	0	0	0	0	0	0	0

Balance Sheet

Prepared as of: January 1, 1999	
ASSETS	
Current Assets	
Cash	1150
Accounts Receivable	0
Inventory	0
Other Current Assets	0
* Allowance for Bad Debts	0
Total Current Assets	1150
Fixed Assets	
Land	0
Buildings (less accum. depr.)	0
Equipment (less accum. depr.)	0
* * Other fixed assets (less accum. depr.)	3200
Total Assets	4350
LIABILITIES	
Current Liabilities	
Accounts Payable	0
Other Current Liabilities	0
Total Current Liabilities	0
Long-term Liabilities	
Debt	0
Other Long-term Liabilities	0
Total Long-term Liabilities	0
Total Liabilities	0
OWNER'S EQUITY	
	4350

Prepared as of: January 1, 2000	
ASSETS	
Current Assets	
Cash	1330
Accounts Receivable	0
Inventory	0
Other Current Assets	0
Allowance for Bad Debts	480
Total Current Assets	1810
Fixed Assets	
Land	0
Buildings (less accum. depr.)	0
Equipment (less accum. depr.)	0
Other fixed assets (less accum. depr.)	2144
Total Assets	3954
LIABILITIES	
Current Liabilities	
Accounts Payable	0
Other Current Liabilities	0
Total Current Liabilities	0
Long-term Liabilities	
Debt	0
Other Long-term Liabilities	0
Total Long-term Liabilities	0
Total Liabilities	0
OWNER'S EQUITY	
	3954

Prepared as of: January 1, 2001	
ASSETS	
Current Assets	
Cash	1865
Accounts Receivable	0
Inventory	0
Other Current Assets	0
Allowance for Bad Debts	1440
Total Current Assets	3305
Fixed Assets	
Land	0
Buildings (less accum. depr.)	0
Equipment (less accum. depr.)	0
Other fixed assets (less accum. depr.)	1292
Total Assets	4597
LIABILITIES	
Current Liabilities	
Accounts Payable	0
Other Current Liabilities	0
Total Current Liabilities	0
Long-term Liabilities	
Debt	0
Other Long-term Liabilities	0
Total Long-term Liabilities	0
Total Liabilities	0
OWNER'S EQUITY	
	4597

Statement of Owner's Equity
at 1/1/1999

Beginning capital of owner	4350
New investment by owner	0
Net income of business	0
Withdrawals of owner	0
Ending capital of owner	4350

Statement of Owner's Equity
at 1/1/2000

Beginning capital of owner	4350
New investment by owner	0
Net income of business	-396
Withdrawals of owner	0
Ending capital of owner	3954

Statement of Owner's Equity
at 1/1/2001

Beginning capital of owner	3954
New investment by owner	0
Net income of business	643
Withdrawals of owner	0
Ending capital of owner	4597

APPENDICES

- A. Owner Resume
- B. Marketing Materials (i.e. letterhead and business cards)
- C. Membership Agreement Form
- D. Sales Forecast Projections and Assumptions
- E. Fixed Assets
- F. Start-Up Expenses
- G. Advertising Budget (Year 1 and Year 2)
- H. Kansas Business Directory Resources
- I. Related Trade Associations
- J. Other Related Materials
 - Web Site of Existing Consultant Network
 - Article on Consulting

APPENDIX A–Owner’s Resume

Not included in this plan copy due to proprietary nature of materials.

APPENDIX B–Marketing Materials

Not included in this plan copy due to proprietary nature of materials.

APPENDIX C–Membership Agreement Form

Not included in this plan copy due to proprietary nature of materials.

APPENDIX D–Sales Forecasts

Sales Forecast Assumptions

1. Memberships are based on targeted recruitment and seasonality. The months of January, July, August, and December show lesser memberships due to the assumption that during these months, consultants are less likely to enroll in the consultant network. January is the first month of operation; December is holiday season; July and August are the last months of summer, and vacations, events, etc. are scheduled. Throughout the year, new memberships per month are relatively conservative with a yearly total of 76 (objective for year 1).
2. Membership fees are \$20/month–\$240/year. See Break-Even Analysis.
3. To obtain figures for accounting projects, the number of memberships (per month) was multiplied by 25% and that number (1.25) was multiplied by 25% in the months of January, February, March, and April due to the assumption that this “tax” period would be the best time for accounting consultants. Project figures for the remaining months of the year were based on the assumption that 15% of all projects would be accounting-based.
4. Marketing project figures were estimated to be 25% of all projects throughout the year.
5. Finance project figures were estimated to be 15% of all projects throughout the year.
6. Other project (i.e. business plan writing, graphic design assistance, etc.) figures were based on a 10% multiplier January through April and a 20% multiplier May through December.
7. Project commissions based on the following assumptions:
 - a.) 10% commission on projects over \$500. Projects over \$500 were estimated to be 20% of all projects. Therefore, the figure was based on number of units multiplied by .20 multiplied by \$50. $((\# \text{ of units} \times .20) \times \$50)$
 - b.) 5% commission on projects ranging from \$250–\$499. Average project \$375. Projects of this amount were estimated to be 60% of all projects. Therefore, the figure was based on the following formula: $((\# \text{ of projects} \times .60) \times \$375)$
 - c.) No commission on projects under \$250. Projects under \$250 were estimated to be 20% of all projects.
1. Increase in memberships based on the loss of 15% of 1999 consultants. (On average, one consultant is lost per month. Then, a steady gain of six memberships per month were added with the exception that a conservative increase of two memberships were added to the months of June, July, August, and December.

Note: Monthly memberships were multiplied by 25% based on the estimate that CONSULTANT HQ would create more than one project per consultant.

A 25% cushion was allowed in figuring projects that were either 1) unsuccessful, 2) incomplete, or 3) completed outside the terms of CONSULTANT HQ

Sales Forecast - Year 1999

Months	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total	
Memberships														
Units Sold	4	6	6	8	10	8	6	4	8	6	6	4	76	#1
Price per Unit	240	240	240	240	240	240	240	240	240	240	240	240	240	#2
Total Membership Sales	960	1440	1440	1920	2400	1920	1440	960	1920	1440	1440	960	18,240.00	
Accounting														
Units Sold	0	3	3	4	3	2	2	1	2	2	2	1	26	#3
Projects: Over \$500	0.00	1.50	1.50	2.00	0.60	0.48	0.36	0.24	0.48	0.36	0.36	0.24	8.12	#7a
Between \$250 - \$499	0.00	0.90	0.90	1.20	1.80	1.44	1.08	0.72	1.44	1.08	1.08	0.72	12.36	#7b
Under \$249	0.00	0.60	0.60	0.80	0.60	0.48	0.36	0.24	0.48	0.36	0.36	0.24	5.12	#7c
Total Commission-based sales (Accting)	0.00	91.88	91.88	122.50	63.75	51.00	38.25	25.50	51.00	38.25	38.25	25.50	637.75	
Marketing														
Units Sold	0	0	3	4	5	4	3	2	4	3	3	2	33	#4
Projects: Over \$500	0.00	0.00	0.60	0.80	1.00	0.80	0.60	0.40	0.80	0.60	0.60	0.40	6.60	
Between \$250 - \$499	0.00	0.00	1.80	2.40	3.00	2.40	1.80	1.20	2.40	1.80	1.80	1.20	39.60	
Under \$249	0.00	0.00	0.60	0.80	1.00	0.80	0.60	0.40	0.80	0.60	0.60	0.40	6.60	
Total Commission-based Sales (Mkting)	0.00	0.00	63.75	85.00	106.25	85.00	63.75	42.50	85.00	63.75	63.75	42.50	701.25	
Finance														
Units Sold	0	0	2	2	3	2	2	1	2	2	2	1	20	#5
Projects: Over \$500	0.00	0.00	0.36	0.48	0.60	0.48	0.36	0.24	0.48	0.36	0.36	0.24	3.96	
Between \$250 - \$499	0.00	0.00	1.08	1.44	1.80	1.44	1.08	0.72	1.44	1.08	1.08	0.72	23.76	
Under \$249	0.00	0.00	0.36	0.48	0.60	0.48	0.36	0.24	0.48	0.36	0.36	0.24	3.96	
Total Commission-based Sales (Finance)	0.00	0.00	38.25	51.00	63.75	51.00	38.25	25.50	51.00	38.25	38.25	25.50	420.75	
Other														
Units Sold	0	0	1	2	4	3	2	2	3	2	2	2	24	#6
Projects: Over \$500	0.00	0.00	0.24	0.32	0.80	0.64	0.48	0.32	0.64	0.48	0.48	0.32	4.72	
Between \$250 - \$499	0.00	0.00	0.72	0.96	2.40	1.92	1.44	0.96	1.92	1.44	1.44	0.96	28.32	
Under \$249	0.00	0.00	0.24	0.32	0.80	0.64	0.48	0.32	0.64	0.48	0.48	0.32	4.72	
Total Commission-based Sales (Other)	0.00	0.00	25.50	34.00	85.00	68.00	51.00	34.00	68.00	51.00	51.00	34.00	501.50	
Total Membership Sales	960	1440	1440	1920	2400	1920	1440	960	1920	1440	1440	960	18240	
Total Commission-based Sales	0.00	91.88	219.38	292.50	318.75	255.00	191.25	127.50	255.00	191.25	191.25	127.50	2,261.25	
Total-All Product/Service Sales	960.00	1,531.88	1,659.38	2,212.50	2,718.75	2,175.00	1,631.25	1,087.50	2,175.00	1,631.25	1,631.25	1,087.50	20,501.25	

Note: Projected Cash Flows and Income Statements differ from Sales Forecast because they have been prepared on a cash basis.

Sales Forecast - Year 2000

Months	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total	
Memberships														
Units Sold	9	11	11	13	15	10	8	6	13	11	11	6	124	#8
Price per Unit	240	240	240	240	240	240	240	240	240	240	240	240	240	#2
Total Membership Sales	2160	2640	2640	3120	3600	2400	1920	1440	3120	2640	2640	1440	29,760.00	
Accounting														
Units Sold	3	4	4	4	3	2	2	1	2	2	2	1	29	#3
Projects: Over \$500	1.38	1.75	1.75	2.00	0.57	0.39	0.30	0.24	0.48	0.42	0.42	0.24	9.94	#7a
Between \$250 - \$499	0.83	1.05	1.05	1.20	1.71	1.17	0.90	0.72	1.44	1.26	1.26	0.72	13.31	#7b
Under \$249	0.55	0.70	0.70	0.80	0.57	0.39	0.30	0.24	0.48	0.42	0.42	0.24	5.81	#7c
Total Commission-based Sales (Accting)	84.22	107.19	107.19	122.50	60.56	41.44	31.88	25.50	51.00	44.63	44.63	25.50	746.22	
Marketing														
Units Sold	3	4	4	4	5	3	3	2	4	4	4	2	39	#4
Projects: Over \$500	0.55	0.70	0.70	0.80	0.95	0.65	0.50	0.40	0.80	0.70	0.70	0.40	7.85	
Between \$250 - \$499	1.65	2.10	2.10	2.40	2.85	1.95	1.50	1.20	2.40	2.10	2.10	1.20	47.10	
Under \$249	0.55	0.70	0.70	0.80	0.95	0.65	0.50	0.40	0.80	0.70	0.70	0.40	7.85	
Total Commission-based Sales (Mkting)	58.44	74.38	74.38	85.00	100.94	69.06	53.13	42.50	85.00	74.38	74.38	42.50	834.06	
Finance														
Units Sold	2	2	2	2	3	2	2	1	2	2	2	1	24	#5
Projects: Over \$500	0.33	0.42	0.42	0.48	0.57	0.39	0.30	0.24	0.48	0.42	0.42	0.24	4.71	
Between \$250 - \$499	0.99	1.26	1.26	1.44	1.71	1.17	0.90	0.72	1.44	1.26	1.26	0.72	28.26	
Under \$249	0.33	0.42	0.42	0.48	0.57	0.39	0.30	0.24	0.48	0.42	0.42	0.24	4.71	
Total Commission-based Sales (Finance)	35.06	44.63	44.63	51.00	60.56	41.44	31.88	25.50	51.00	44.63	44.63	25.50	500.44	
Other														
Units Sold	1	1	1	2	4	3	2	2	3	3	3	2	26	#6
Projects: Over \$500	0.22	0.28	0.28	0.32	0.76	0.52	0.40	0.32	0.64	0.56	0.56	0.32	5.18	
Between \$250 - \$499	0.66	0.84	0.84	0.96	2.28	1.56	1.20	0.96	1.92	1.68	1.68	0.96	31.08	
Under \$249	0.22	0.28	0.28	0.32	0.76	0.52	0.40	0.32	0.64	0.56	0.56	0.32	5.18	
Total Commission-based Sales (Other)	23.38	29.75	29.75	34.00	80.75	55.25	42.50	34.00	68.00	59.50	59.50	34.00	550.38	
Total Membership Sales	2160	2640	2640	3120	3600	2400	1920	1440	3120	2640	2640	1440	29,760.00	
Total Commission-based Income	201.09	255.94	255.94	292.50	302.81	207.19	159.38	127.50	255.00	223.13	223.13	127.50	2,631.09	
Total-All Product/Service Sales	2,361.09	2,895.94	2,895.94	3,412.50	3,902.81	2,607.19	2,079.38	1,567.50	3,375.00	2,863.13	2,863.13	1,567.50	32,391.09	

Note: Projected Cash Flows and Income Statements differ from Sales Forecast because they have been prepared on a cash basis.

APPENDIX E—Fixed Assets

Fixed Assets

List of Fixed Assets	New or Used	Cost	Acquisition Date	Useful Life (in months)	Monthly Depreciation	Annual Depreciation
Fax Machine	New	\$250	Jan-99	24 months	10.50	125.00
Office Furniture						
<i>filing cabinet</i>	New	\$100	Jan-99	12 months	8.30	100.00
<i>desk</i>	New	\$250	Jan-99	24 months	10.50	125.00
<i>chairs (2)</i>	New	\$100	Jan-99	12 months	8.30	100.00
Computer	New	\$2,500	Nov-96	48 months	50.00	600.00

	Cost	Monthly Depreciation	Annual Depreciation
New Fixed Assets	700.00	37.60	450.00
Existing Fixed Assets	2500.00	50.00	600.00
Total Fixed Assets	3200.00	87.60	1050.00

APPENDIX F–Start-Up Expenses

Start-Up Expenses

Cash Available Now	\$3,000
Purchase fixed assets	700
Remodeling costs(fixtures, signs, paint, cleaning)	100
Installation fees (equip., phones, hookup charges)	0
Deposits (utilities, phone, hookup charges)	150
Fees and Licenses	0
Legal fees	100
Accounting and other professional fees	150
Insurance	250
Pre-opening labor expense	100
Pre-opening training costs	0
Beginning inventory	0
Supplies (letterhead, forms, price tags)	200
Promotion (grand opening, prizes, give-aways)	0
Advertising (initial media, direct mail, coupons)	0
Miscellaneous	100
Total Start-up Expenses	\$1,850
Beginning Cash Balance	\$1,150

Note: Owner's personal savings account source of starting cash.

APPENDIX G-Advertising Budget

Advertising Budget - 1999

Month	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Newspaper													
<i>WY Newspaper</i>	0	0	100	0	0	0	0	0	100	0	0	0	200
<i>Front Range Newspaper</i>	0	0	0	0	0	0	0	0	0	100	0	0	100
Chamber Newsletter/Fax	0	20	20	20	20	20	20	0	0	20	20	20	180
Trade Show	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Mail													
<i>Membership Newsletter</i>	0	0	25	0	0	25	0	0	25	0	0	50	125
<i>Recruitment Mailing</i>	50	0	0	50	0	0	50	0	0	100	0	0	250
<i>Flyer to Small Businesses</i>	0	0	0	0	100	0	0	0	100	0	0	0	200
Yellow Pages (to be listed statewide)	0	0	200	0	0	0	0	0	0	0	0	0	200
Brochures	300	0	0	0	0	300	0	0	0	0	0	0	600
Club Memberships													
<i>Chamber of Commerce</i>	250	0	0	0	0	0	0	0	0	0	0	0	250
<i>American Consultants League</i>	0	130	0	0	0	0	0	0	0	0	0	0	130
<i>Tekkton Young Professionals</i>	0	30	0	0	0	0	0	0	0	0	0	0	30
<i>Rotary/Kiwanis</i>	0	0	150	0	0	0	0	0	0	0	0	0	150
<i>Luncheon Expenses</i>	0	15	15	15	15	15	15	15	15	15	15	15	165
Opportunity Fund	0	50	50	50	50	50	50	50	50	50	50	50	550
Total Advertising Expenses	600.00	245.00	560.00	135.00	185.00	410.00	135.00	65.00	290.00	285.00	85.00	135.00	\$3,130.00

Advertising Budget - 2000

Month	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Newspaper													
<i>WY Newspaper</i>	0	0	350	0	0	0	0	0	100	0	0	0	450
<i>Front Range Newspaper</i>	0	100	0	0	0	0	0	0	0	100	0	0	200
Chamber Newsletter/Fax	0	20	20	20	20	20	20	0	0	20	20	20	180
Trade Show	0	0	0	500	0	0	0	0	0	500	0	0	1000
Direct Mail													
<i>Membership Newsletter</i>	0	0	50	0	0	75	0	0	75	0	0	100	300
<i>Recruitment Mailing</i>	75	0	0	75	0	0	75	0	0	75	0	0	300
<i>Flyer to Small Businesses</i>	0	100	0	0	100	0	0	100	0	0	100	0	400
Yellow Pages (to be listed statewide)	0	0	200	0	0	0	0	0	0	0	0	0	200
Brochures	300	0	0	300	0	0	300	0	0	300	0	0	1200
Club Memberships													
<i>Chamber of Commerce</i>	150	0	0	0	0	0	0	0	0	0	0	0	150
<i>American Consultants League</i>	0	130	0	0	0	0	0	0	0	0	0	0	130
<i>Tekkton Young Professionals</i>	0	30	0	0	0	0	0	0	0	0	0	0	30
<i>Rotary/Kiwanis</i>	0	0	150	0	0	0	0	0	0	0	0	0	150
<i>Luncheon Expenses</i>	0	15	15	15	15	15	15	15	15	15	15	15	165
Opportunity Fund	0	50	50	50	50	50	50	50	50	50	50	50	550
Total Advertising Expenses	525.00	445.00	835.00	960.00	185.00	160.00	460.00	165.00	240.00	1060.00	185.00	185.00	\$5,405.00

APPENDIX H–Kansas Business Directory Resources

Not included in this plan copy due to proprietary nature of materials.

APPENDIX I–Related Trade Associations

Not included in this plan copy due to proprietary nature of materials.

APPENDIX J–Other Related Materials

Not included in this plan copy due to proprietary nature of materials.